

March 20, 1987

LB 440
LR 62, 63

(Read explanation of resolution.) And 62 by Senator Johnson. (Read explanation of resolution.) And LR 63, Mr. President, by Senators Chambers, Chizek, Ashford, Beyer, Elmer, Korshoj, and Marsh. (Read explanation of resolution. See pages 1173-76 of the Legislative Journal.) And those will be laid over and considered at another time, Mr. President.

PRESIDENT: Thank you. If you will find your way to your seats, please, we will begin Final Reading. Once again, if you would please return to your desks, we will begin Final Reading. Thank you. Please return to your seats so that we can begin Final Reading, please. LB 440. Mr. Clerk.

CLERK: Mr. President, I have a motion on the desk. Senator Landis and Vard Johnson would move to return 440 to Select File for specific amendment. The amendment is found on page 1161 of the Journal.

PRESIDENT: Senator Landis, please.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, this amendment was prepared with the assistance of the League of Municipalities and the Cities of Lincoln and Omaha. LB 440 authorizes the deposits, in essence, in third banks for what are called "joint custody receipts", which is where you have a pledge agreement for securities and you wind up holding that in a third party bank although it accounts for or amounts to the cities deposits that are to be held to collateralize their holdings. Senator Lowell Johnson has brought this in because we need to make this change having had a recent discovery by city attorneys out there that we probably had to allow for the practice that has been commonly occurring to be authorized by state law. Senator Johnson's legislation covers the immediate areas of first and second class cities and villages, but it did not contemplate that there would be difficulty for primary and metropolitan class cities, which there is. Those cities find themselves with the same difficulty and need the same clarification of their authority. This grants to those two classifications the same authority that Senator Johnson has extended which I would actually remind the body is, in essence, the practice that has been followed but we really need some authorization to do that practice, which is to allow joint custody in pledge agreements to be held by third party banks in order to collateralize deposits in local banks for cities. Thank you.